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SUBJECT: SPANISH ELECTIONS: BASQUE NATIONALIST PARTY POISED
FOR ROLE AS KINGMAKER, BUT AT WHAT PRICE?

REF: A. MADRID 105

[1](#)B. 2007 MADRID 1078

[1](#)C. 2007 MADRID 1430

[1](#)D. 2006 MADRID 3111

[1](#)E. 2007 MADRID 0001

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[1](#)1. (U) This cable is one of a series of reports analyzing key issues in select Spanish autonomous regions and the potential role the regions might play in the March 9 general elections (REFTEL A) and beyond.

[1](#)2. (SBU) SUMMARY. The national vote in the Basque Country is expected to fracture between the regions' principal parties and probably will not be enough to tilt the balance in favor of incumbent President Jose Luis Rodriguez Zapatero or his main challenger Mariano Rajoy. However, the Basque Nationalist Party (PNV) could play a key role as kingmaker in a coalition government for either candidate. The PNV will demand as the price of its support a commitment from the Spanish national government to begin consultations on the political status of the Basque people, but it would be difficult for any Spanish government to agree to that request. A series of interviews with a wide swath of political and economic leaders in the Basque Country, coupled with the latest findings of the region's premier public opinion pollster, suggest that the key issues for the electorate will be territory, terrorism, and the economy. Basque Nationalist leaders are moving forward with an ambitious (many would say reckless) plan to call for a regional referendum in October demanding that the national Spanish government take immediate steps to address the "problem" of the Basque political status within Spain, in the hopes of forging what they are calling a Political Normalization Agreement. Although both main national parties in Spain have declared that such a move would be illegal, PNV leaders show no signs of backing down, and this issue likely will face the leader of the next Spanish government sooner rather than later. END SUMMARY

//THE BASQUE COUNTRY AND ITS NATIONALIST TENDENCY//

[1](#)3. (U) The Basque Country ("el Pais Vasco" in Spanish, "Euskadi" in the Basque language) is one of Spain's 17 autonomous communities, equivalent to a U.S. state. The community is located in the north of Spain, with its seat of regional government in the city of Vitoria, and its most important business and industry located in the community's largest city of Bilbao. The drafters of Spain's post-Franco Constitution in 1978 certainly had the Basque Region in mind when they established Spain's autonomous communities as an

attempt to compromise the historic conflict between centralism and federalism. For reasons of language, culture, and history, Basques have always seen themselves as different from Spaniards and have negotiated a level of autonomy that is the envy of other provincial governments in Europe. The three Basque provinces in Spain that make up this autonomous community collect their own taxes in coordination with the Spanish government, and the Basque Region maintains its own police force, known as the Ertzaintza. This region is one of the wealthiest regions of Spain, with GDP per capita roughly 20% higher than that of the EU average. It is said that Spain's most tasty culinary dishes and best highways can be found in the Basque Country, and every summer tens of thousands of tourists flock to the beaches near the northern city of San Sebastian.

14. (U) Despite the high quality of life that Basques have enjoyed in recent years, a significant nationalist tendency continues to agitate for more authority and responsibility, and many in the Basque Country seek outright independence. This tendency has manifested itself both in efforts by nationalist politicians working within the Spanish political system, but also in violent acts by the terrorist group known as Basque Fatherland and Liberty (ETA). Since 1968, ETA has been responsible for thousands of terrorist attacks and bombings, caused the deaths of over 800 people, and has been involved in numerous kidnappings for ransom. ETA has alternated between de facto states of war with the Spanish government and efforts to achieve peace through negotiation and dialogue. The terrorist group in June of 2007 broke a "permanent cease-fire" it had declared in March of the previous year (REFTEL B), and since that time has been trying its best to commit terrorist acts against the Spanish state. Months of Spanish operational successes coupled with ETA's marginalization as a political and social force in the Basque Country have left the group disabled and disoriented, but still with the capacity to carry out attacks (REFTEL C).

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15. (U) ETA has tried and will continue to try to make its presence felt in advance of Spain's general election. The Zapatero government embarked on a controversial and ultimately unsuccessful policy of peace negotiations with the terrorist group that was for all intents and purposes broken by a bombing at Madrid's international airport on December 30, 2006 that claimed the lives of two Ecuadorian nationals (REFTELS D-E). President Zapatero has told Spanish citizens that he started on a path of peace negotiations with the terrorist group in good faith (as every previous democratic government in Spain has to one degree or another), because he saw an historic opportunity to put an end to ETA violence once and for all. He says now that the terrorists rejected their opportunity, he will give no quarter in the fight against ETA. The opposition Partido Popular (PP) of Mariano Rajoy criticized Zapatero's efforts at every turn, and have sought for many months to gain electoral advantage from the issue.

16. (SBU) Voters in the Basque Country will go to the polls on March 9 to fill 18 of the 350 seats in the Spanish Congress. Although the Basque vote will likely fracture between the region's three main parties (nationalists, socialists, and conservatives) and by itself will not be enough to make the difference for the Socialist party (PSOE) of incumbent President Zapatero or the PP of his main challenger Mariano Rajoy, Basque leaders tell us their potential role as kingmaker will become clear in the days following the election. As neither of the main parties is expected to win an outright majority, the winner would then be forced to enter into pacts with smaller parties to form Spain's next government. The Basque Country's three main political parties are the Basque Nationalist Party (PNV), the Basque Socialist Party (PSE), and the Basque People's Party (PP). The PNV won seven seats in 2004 and formed part of the first Zapatero government, but has said publicly that its support

for a future Zapatero legislature cannot be guaranteed. PNV leaders have hinted that the party may be open to pact with the PP should Rajoy make a strong showing, although it is hard to see how the PP would agree to the PNV's main demand and reopen discussions on the political status of the Basque Region.

17. (SBU) PNV Secretary General Jesus Maria Pena told Poloff in mid January that his party would not enter into a pact with President Zapatero if the PSOE loses the election (although he did not make a distinction between the popular vote and the total number of parliamentary seats), adding that his party has never joined a government with a "losing" Spanish political party and would not do so this time. We take this to mean that if Zapatero does not win a plurality of the seats in Congress, he will not be able to count on the PNV's support to form a minority government. The most reliable current polling predicts the PNV will again win seven seats in the Spanish Congress (with the Basque Socialists tallying eight and the PP three), but it is unclear how important those seats may be in forming a second Zapatero government or shifting the balance to Rajoy. For reference, in 2004 the PSOE won 164 seats of the 176 needed for a majority and the PP won 148. The PSOE was forced to form a coalition government with the PNV and a number of smaller leftist and nationalist parties. The PNV may very well help play the role of kingmaker again, but the victorious party will likely need once again the support of additional parties. Basque leaders have said publicly (and confirmed to us privately) that the price of their support would probably not be quantified in a demand for a PNV minister in the next Spanish government, but rather that the next Spanish President make a commitment to resolve the current "political problem" in the Basque Country and move to redefine the political status of Basques in Spain. (discussed below).

//KEY ISSUES FOR BASQUE VOTERS//

18. (SBU) A series of interviews with a wide swath of political and economic leaders in the Basque Country, coupled with the latest findings of the region's premier public opinion pollster EuskoBarometro, suggests that the key issues for the electorate will be territory, terrorism, and the economy. PSE leaders say that Basque voters will take a look at the past four years of Zapatero and reward the President for keeping most of his electoral promises and bettering their lives. They say the PP has offered nothing but obstruction and conflict and has gotten in the way of Zapatero doing "the people's business." PSE leaders say that

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they have stood strong in the face of ETA terrorism and have improved the region economically through initiatives such as paving the way for the AVE, Spain's high-speed train service, to pass through the community. The PP counters that Zapatero has allowed the "fabric of the Spanish nation to tear" by devolving more influence and responsibility to regions such as the Basque Country and Catalunya. They also argue that ETA has been allowed to regain the upper hand after being weakened during former PP President Aznar's eight years in office. Basque PP leaders express confidence that their party will win the national elections and say they would then focus on strengthening the economy, strengthening the Spanish nation, and fighting ETA terrorism. Each of the main national parties says that voter turnout will be key, although this still remains the great unknown.

19. (SBU) The issue of the economy has only come to the forefront in recent weeks (despite dogged efforts by the PP to convince Spanish voters that the economy is headed for recession). Senior officials in the Basque Chamber of Commerce and the Confederation of Basque business leaders (Confebask) say that, overall, the economy in the Basque Country remains among the strongest in Spain. They say that

while the region has been and will continue to be affected by some of the economic problems plaguing the rest of Spain (rapidly cooling construction sector, rising unemployment), the economic fundamentals are sound. These officials claim that neither Basque industry nor its famed banking sector have shown any worrisome downward trends. Only a small percentage of Basque residents have had trouble paying their mortgages, and the tourism industry has recovered from previous years when the threat of ETA violence kept many away. The past few years have been good ones for the majority of Basque voters, who have seen their economic status rise and their fear of terrorism decrease. Basque leaders tell us that the local electorate is sophisticated enough to realize that their personal financial situations have greatly improved during the recent Spanish economic boom and that they are in a good position to weather any near-term bumps in the road. One Basque business leader made the point that the economy may indeed be heading south, but there would not be many voters who would feel enough of a pinch in the pocketbook by the March 9 elections to have this play a decisive role in their vote.

¶10. (SBU) EuskoBarometro polling and discussions with the main political parties indicate that the vast majority of Basque voters reject the use of violence as a form of defending political objectives. These voters however are more pessimistic than they were just two years ago that ETA would renounce the use of violence. Most political leaders say that ETA has been defeated as a political and social force, but that it still retains the capability to commit acts of terror. The majority of the region's voters appear to believe that Zapatero acted in good faith when he tried to bring an end to ETA through negotiations, but they are divided on whether future olive branches should be extended to the terrorist group. These voters tend to support the PNV and PSE, while PP voters remain vehemently opposed to any future negotiations. Although the theme of ETA remains present in all discussions with Basque political and economic leaders, the terrorist group no longer appears to occupy a central position in Basque political discourse--although the PP tries to keep the spotlight on the group. National PSOE and PP leaders maintain that no discussion on the future of the Basque Country can take place until ETA has disarmed and disbanded. PNV leaders counter that negotiations on the political status of the Basque Country must proceed "as if ETA did not exist," and they are poised to push this issue to the forefront of the Spanish political debate shortly after the new government comes to power.

¶11. (SBU) The official announcement on February 8 by Spanish investigative magistrate Baltasar Garzon that he was suspending the private and public activities of two Basque parties believed to have ties to ETA (Basque Nationalist Action -ANV and the Basque Communist Party-PCTV) had been telegraphed for several weeks and thus came as no surprise. ANV and PCTV join ETA's former political front organization, Batasuna, as parties to have been outlawed under the 2002 Law of Political Parties for their alleged support for ETA terrorism. After Batasuna was officially banned in 2003, it is believed that many ETA supporters joined the electoral lists of ANV and PCTV, most recently for Spain's local and regional elections in May 2007. These two parties fared quite well and won a number of seats in the Basque regional parliament and in numerous city halls around the region. Judge Garzon's ruling outlawing ANV and PCTV on a national

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level does not affect these parties' activities in parliament or at the local level. The mainstream Basque political parties appear to be split on how Judge Garzon's ruling might affect the voting on March 9. It is believed that the outlawed parties would have been able to count on around 150,000 votes, but it is unclear how many of the more "moderate" of the radical leftist Basque voters will throw their support to PNV, and how many will stay at home on election day or turn in blank voting cards. Our PNV contacts

tell us they are spending a lot of time reaching out to these voters to convince them that they are the only viable nationalist party remaining. However, PSE and PP leaders believe that the radical left will want to send a message to the PNV that they no longer represent their interests and will in fact choose to sit out this election. This would most likely help the Basque Socialists improve their relative electoral strength.

//THE IBARRETXE PLAN AND A POTENTIAL OCTOBER PLEBISCITE//

¶12. (SBU) PNV leaders say they are looking to join a government willing to take seriously its proposed initiative that would, in their words, "resolve the Basque conflict." In 2003, the PNV proposed to alter the 1979 Gernika Statute (which defined the political structure of Spain's autonomous communities) through an initiative they called the Plan Ibarretxe. This plan is named after the current Basque Lehendakari (U.S. governor equivalent), Juan Jose Ibarretxe, and seeks the right to Basque self determination as a region "freely associated" with the Spanish state. According to an official PNV document provided to the Embassy, Lehendakari Ibarretxe's plan is an institutional offer to the Spanish president based on two principles: the rejection of terrorist violence and a respect for the wishes of Basque society. The plan calls for a plebiscite to be held on October 25, 2008 that would a) demand that ETA demonstrate its willingness to definitively cease its terrorist activity and enter into peace negotiations with the Spanish government and, b) send a mandate to all Spanish political parties to begin a process of negotiations with the aim of reaching agreement on a new framework of relations between Basques and the central Spanish government. The end goal would be to create what they call a Political Normalization Agreement.

¶13. (SBU) The initial proposal was approved by the Basque Parliament in December 2004 and sent to the Spanish Congress for review, where it was rejected by a wide majority in February 2005 on the grounds that it contravened the Spanish Constitution. Many Basque nationalist political leaders have argued that the original referendum on the Constitution in 1978 produced in the Basque Country both the highest abstention rate and the highest percentage of "no" votes in all of Spain (the PNV endorsed the abstention on the grounds that the Constitution was being forced on them, and an abstention was therefore the lesser of two evils). These leaders argue that for these reasons, Basques should not be bound to a constitution they never endorsed. Senior PNV officials told us that a majority of Basque voters had an "uneasy" feeling about their political status in Spain and wanted to open up a national debate. These Basque leaders said that, while they would never be responsible for the downfall of a Spanish national government, they did feel an obligation to their voters to move forward with the October referendum.

¶14. (SBU) Not surprisingly, the regional representatives of the two main national parties say that this plebiscite is illegal and will not go forward. They point to EuskoBarometro polling indicating that Basque voters are split on whether the Plan Ibarretxe is a visionary document or a source of instability, and that there has never been a clear trend in the region toward either independence, federalism, or autonomy. Currently, only one-third of Basque residents polled by EuskoBarometro favor outright independence, and the PSE and PP both pledge to do what they can to thwart the efforts of the Basque President to move forward with the plebiscite. Lehendakari Ibarretxe has been traveling outside of Spain to explain his plan to drum up international support for the Basque cause, and is due to tour the U.S. in mid-February and deliver a speech at Stanford University on the 14th. The PNV continues to publicly criticize both the PSOE and PP for what it calls those parties' "intransigence in resolving the Basque problem." As the PNV will look to join in a coalition government with the victorious party, the question now becomes what the price will be for its support. PNV leaders clearly show no signs of backing down on their efforts to

move forward with the October referendum, and this issue

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likely will face the leader of the next Spanish government
sooner rather than later.
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